



# *Open Markets, Economic Growth and Shared Prosperity*

## *“The Luckiest Generation”*

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## *A Remarkable Sequence of Events Leads Global Transformation*

- *1979 – 1990 Margaret Thatcher as U.K. Prime Minister privatizes 2/3 U.K. state-run industries, deregulates, cuts taxes (basic rate of 33% to 25%, top wage rate of **98% cut to 40%**)*
- *1980 - 1988- Ronald Reagan as U.S. President cuts taxes (top tax of **78% cut to 35%** [was **91%** in **1961**], promotes deregulation, S.D.I.*
- *U.S./U.K. economies lead global economic recovery (**S&P 500 & U.K. FTSE triple '82 - '87**)*
- *1983/84 - Deng Xiaoping introduces “market socialism”, de-collectivizes state-run farms, promotes **individual property rights** through long-term land leases*

## *A Remarkable Sequence of Events, continued*

- *1986/87 - Gorbachev introduces reforms*
- *June 4, 1989 - Tiananmen Square*
- *June 5, 1989 - Solidarity wins 99% in Poland*
- *Nov '89 Berlin Wall falls, Cold War ends, global shift from “guns to butter”*
- *1992/93 Uruguay Round (GATT) completed*
- *Global trade reform. China “free-trade zones”*
- *1994 – “NAFTA” signed*
- *“Globalization” takes root*
- *Widespread “sustainable prosperity” ensues*

## *A Formula for Prosperity*

- *Rule of Law*
- *Capitalism (individual opportunity)*
- *Competition (creative destruction)*
- *Trade (comparative advantage)*
- *Property rights (i.e. limited taxation)*
- *Sensible immigration policy*
- *Democracy? In America, capitalism predated democracy by hundreds of years*

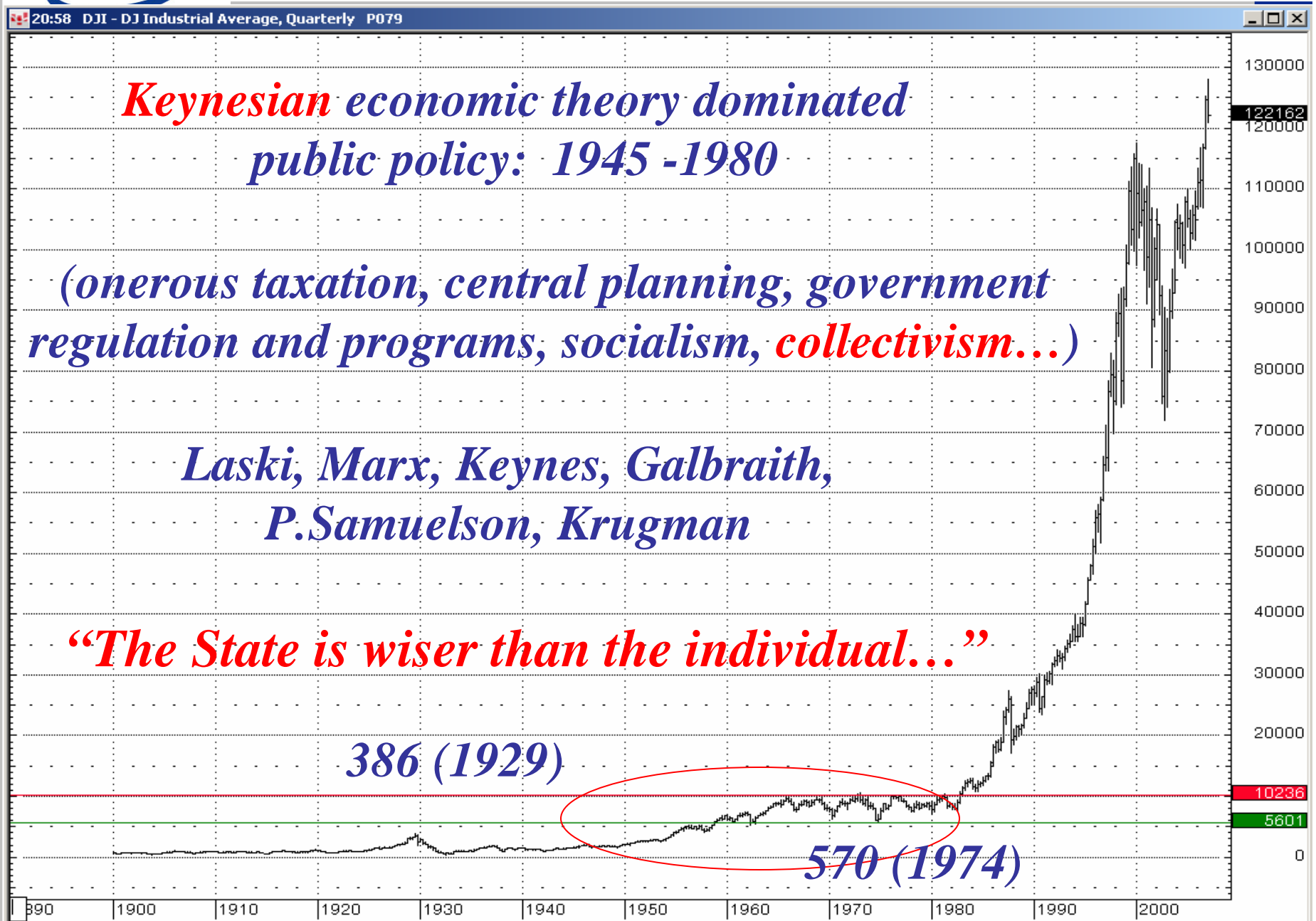
*This “Luckiest Generation” enjoys...*

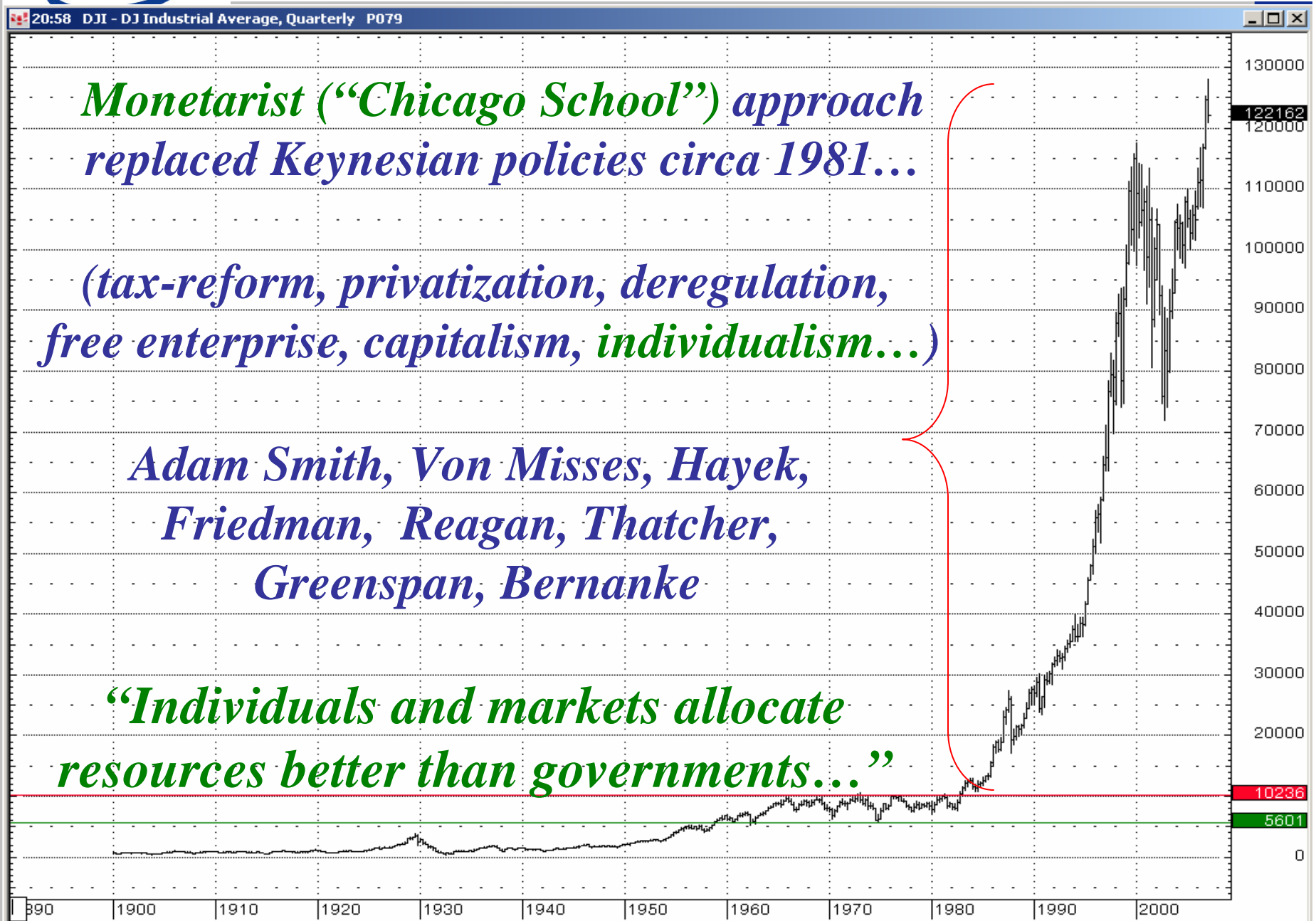
- *Greater wealth*
- *Greater longevity*
- *Better health*
- *More abundant food supply*
- *Wider freedoms*
- *Greater opportunity*
- *More comfort*
- *More hope*



# Standard & Poor 500 – Monthly – 76 Years













## *U.S. Household Net Worth* *(trillion dollars)*

• 1950	1.0
• 1960	1.8
• 1970	3.4
• 1980	9.4
• 1990	20.2
• 2000	42.0
• 2006 (Q3)	54.1

*Expanded 6-fold  
in 26 years!*

*Up 29% past five...*

*Note: 54 trillion seconds  
is 1.7 million years...*

## *All this growth despite...*

- *U.S./global equity market collapse '00-02*
- *September 11*
- *Enron, WorldCom, Tyco, etc.*
- *Three-year global economic slump*
- *Afghanistan and Iraq wars*
- *SARS, BSE, Avian flu*
- *Global war on terror*
- *Katrina/Rita*
- *Real-estate "bubble"*

# CHS U.S. 30-year Bond Index – Quarterly – 30 years





## ***U.S. Life Expectancy at Birth (years)***

	<i>Female</i>	<i>Male</i>	<i>Both Sexes</i>
<b>1900</b>	<b>48.3</b>	<b>46.3</b>	<b>47.3</b>
<b>1935*</b>	<b>63.9</b>	<b>59.9</b>	<b>61.7</b>
<b>1945</b>	<b>68.2</b>	<b>63.2</b>	<b>65.5</b>
<b>1970</b>	<b>74.7</b>	<b>67.1</b>	<b>70.8</b>
<b>2000</b>	<b>79.7</b>	<b>74.3</b>	<b>77.0</b>
<b>2000 v 1900</b>	<b>+65%</b>	<b>+60%</b>	<b>+64%</b>
<b>2000 v 1935</b>	<b>+25%</b>	<b>+24%</b>	<b>+25%</b>

***\*Social Security Act signed***

## *Financially and Physically Healthier?*

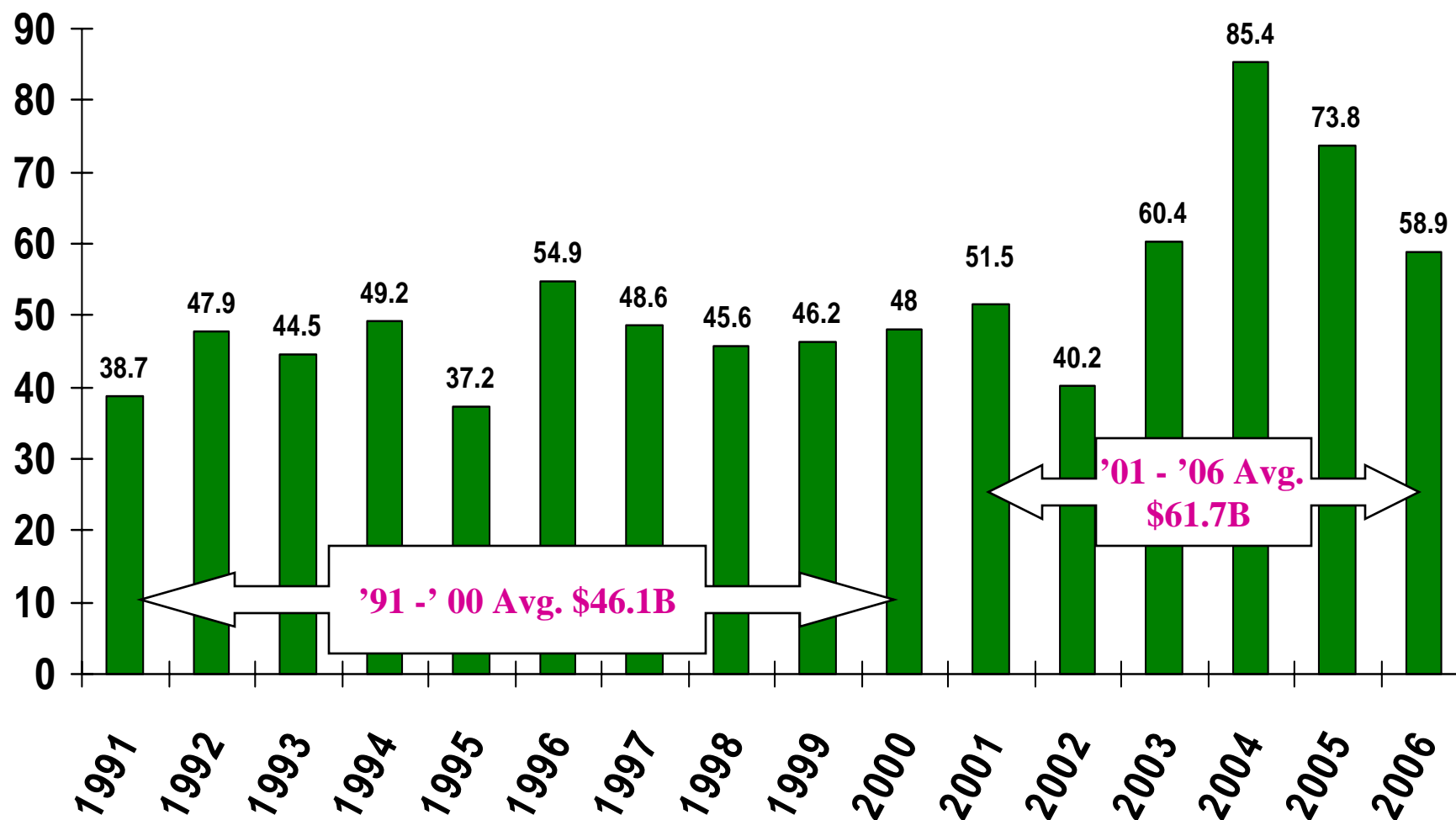
- *U.S Unemployment: 4.6% in January 2007*
- *Over 7.4 million jobs created since August 2003*
- *Roughly 70 % of Americans own their homes*
- *Nearly 60% of Americans own stock shares*
- \* *Proportion older Americans with a disability 19.7% (1999) versus 26.2% (1982)*
- \* *Proportion of Americans 65 and over in poverty 10% (2003) versus 35% (1959)*
- \* *Percent of Americans completing high school 71.5% (2003) versus 17% (1950)*
- \* *Age group 85 and older fastest growing segment of US*



# *The Farm Sector*



## US Net Farm Income (Billions of Dollars)

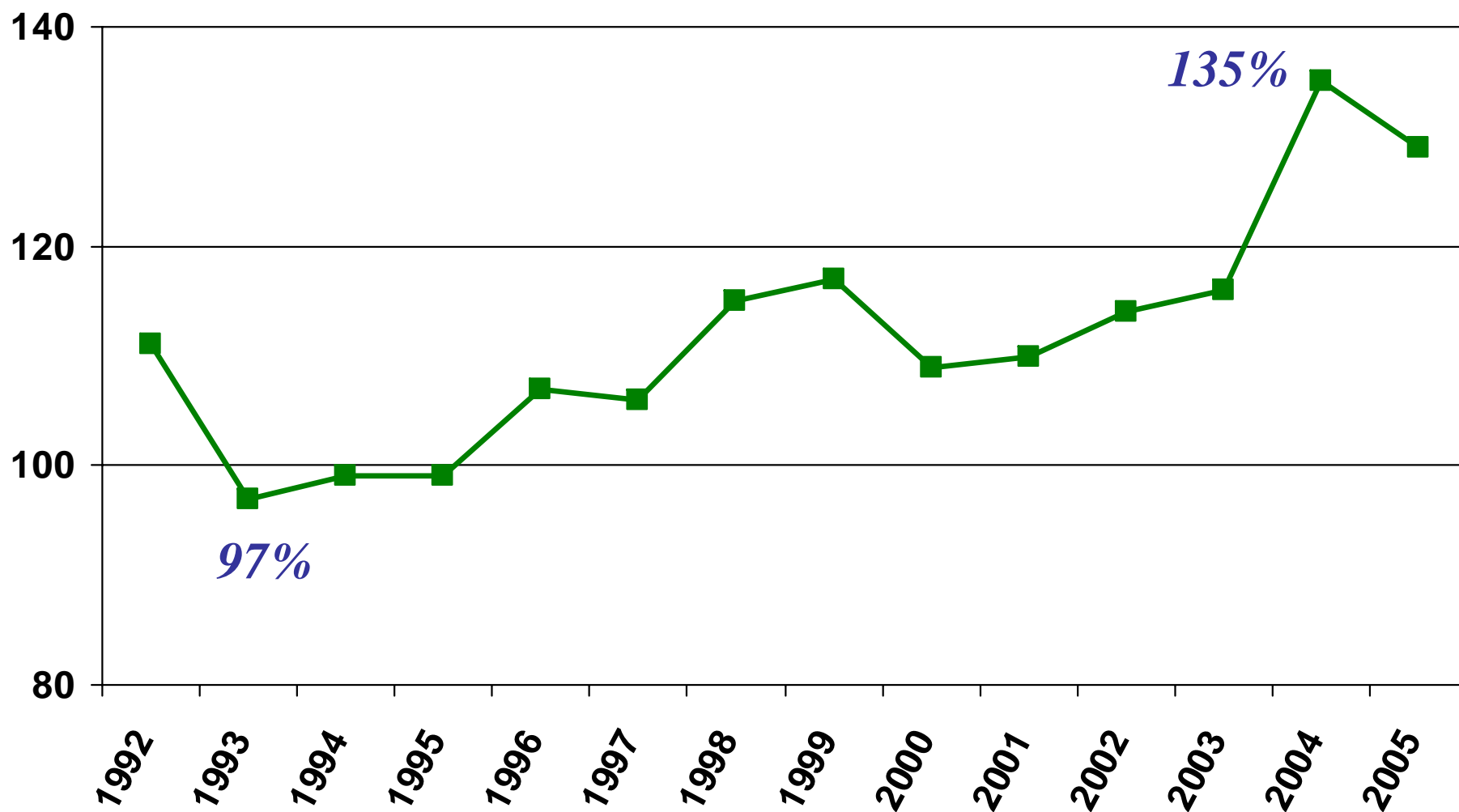


Source: USDA – Nov 2006





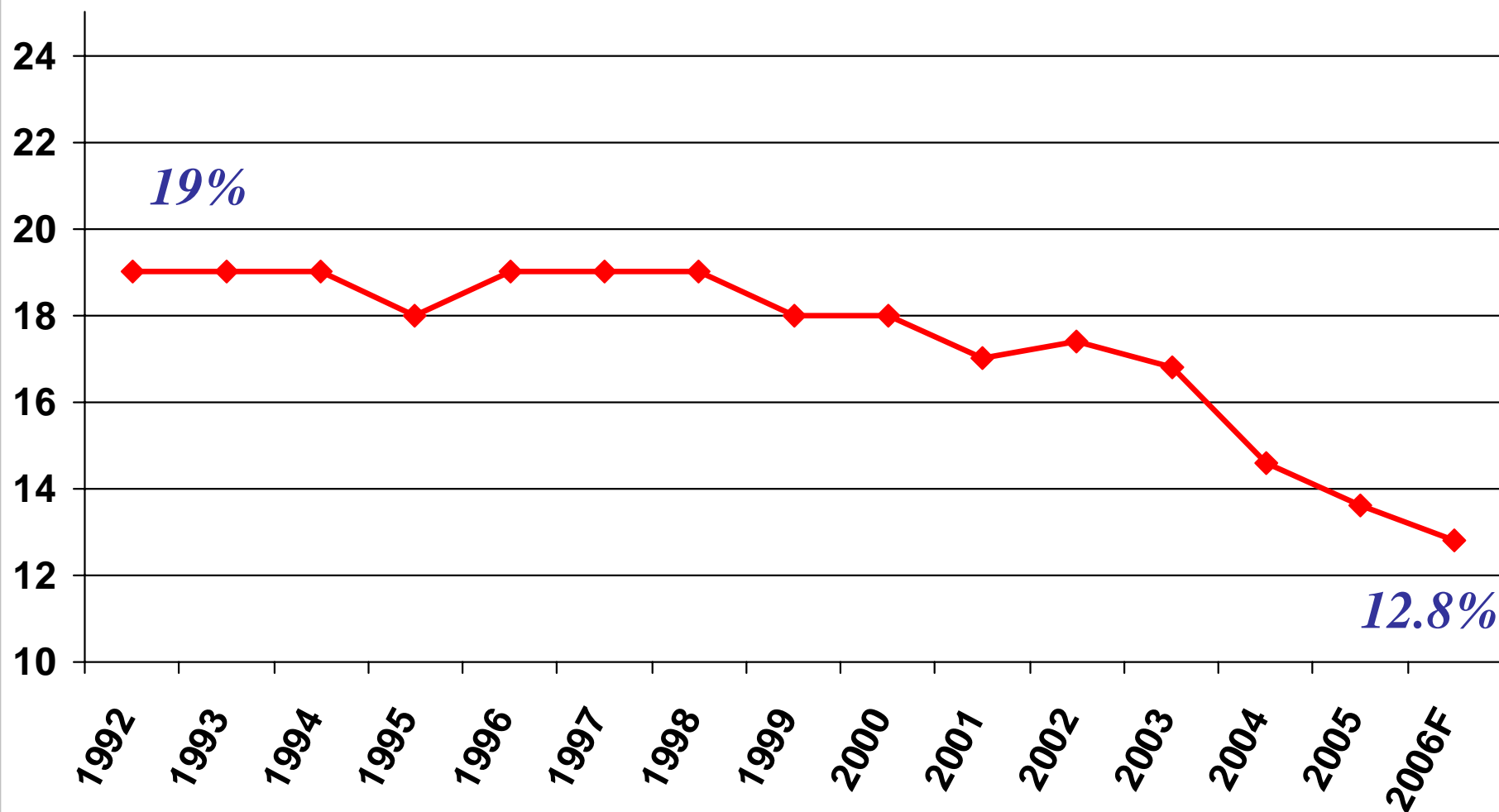
## US Average Farm vs. Non-Farm Household Income (Percentage)



Source: USDA – Nov 2006



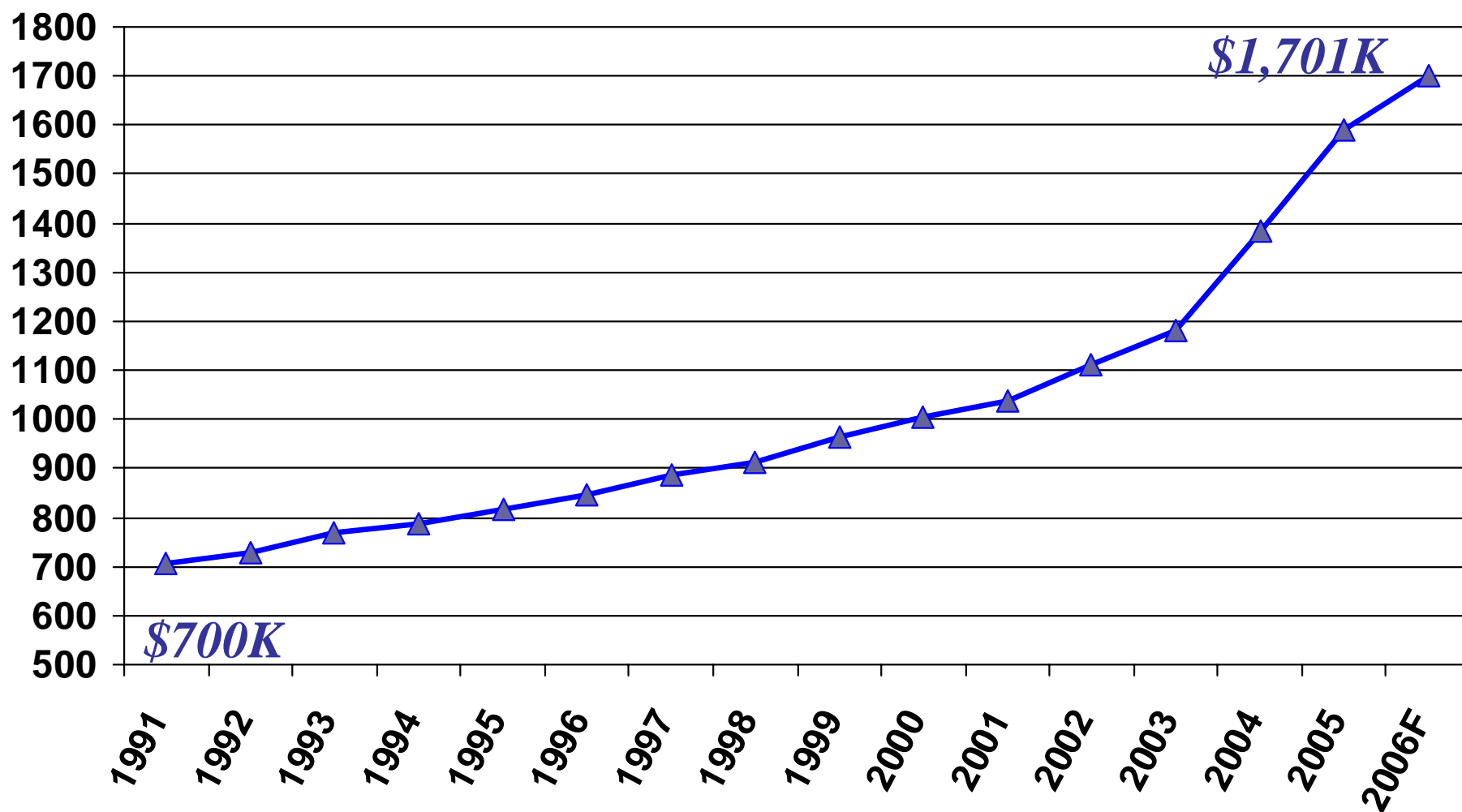
## US Farm Sector Debt to Equity Ratio (Percentage)



Source: USDA – Nov 2006



## Average Farm Equity (Thousands of Dollars)



Source: USDA – Nov 2006



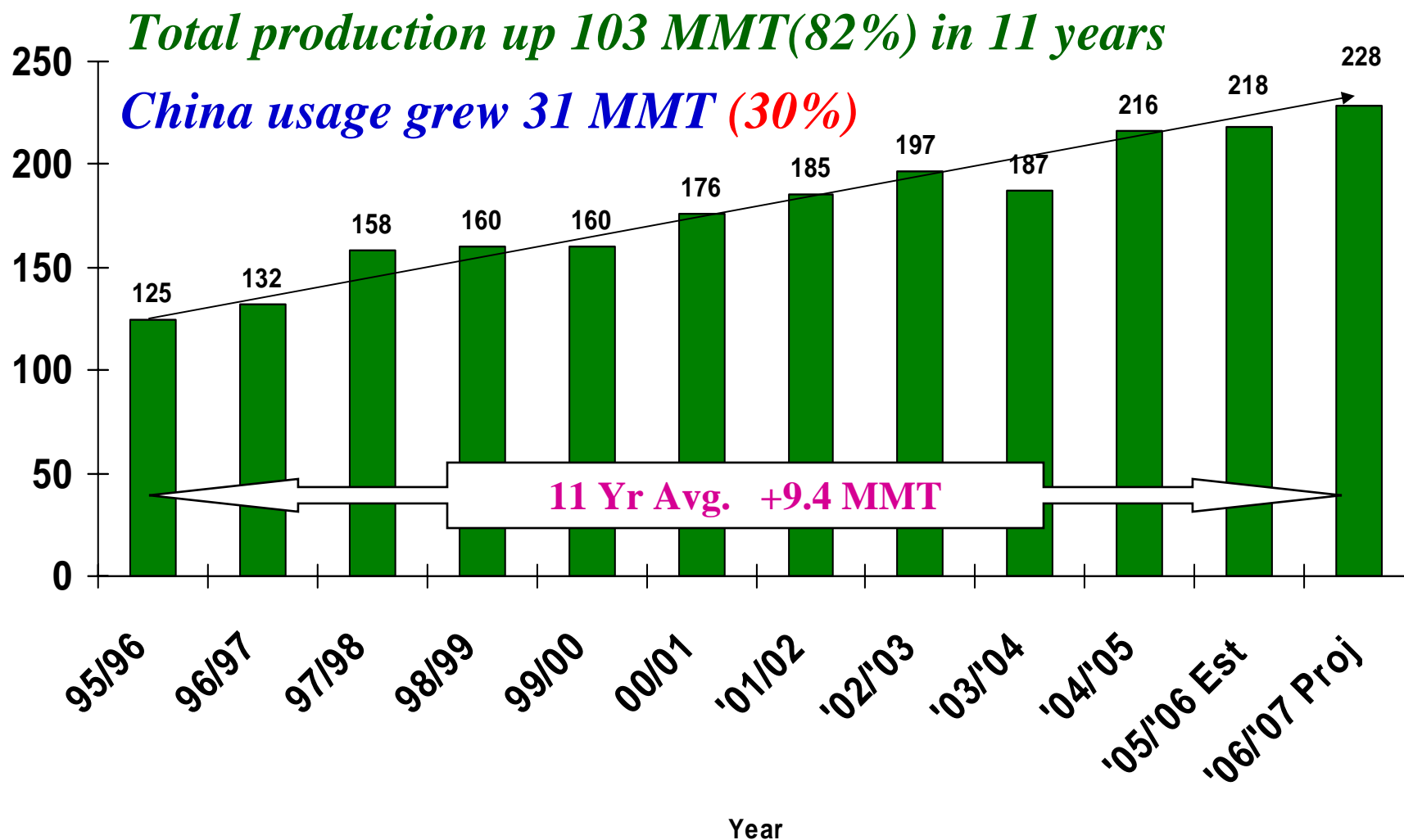
# *Food Supply*

## *Soy Consumption and Global Prosperity*

- *As the very poor advance economically, they move from grains to vegetable oils to meat.*
- *Per capita vegetable oil consumption in the poorest countries is used by IMF as measure of changing living standards.*
- *Very poor people do not purchase meat.*
- *In many developing countries, massive job creation and rapidly advancing incomes spur improved dietary intake.*
- *The result? An unprecedented expansion of vegetable oil and protein consumption.*



## World Soybean Production 1996-2007 (Million Metric Tons)



Source: USDA – Feb 2007

# Soybean Harvest - Mato Grosso, Brazil

*Soybean harvest followed by planting of double crop corn  
(31 combines & 12 planters)*

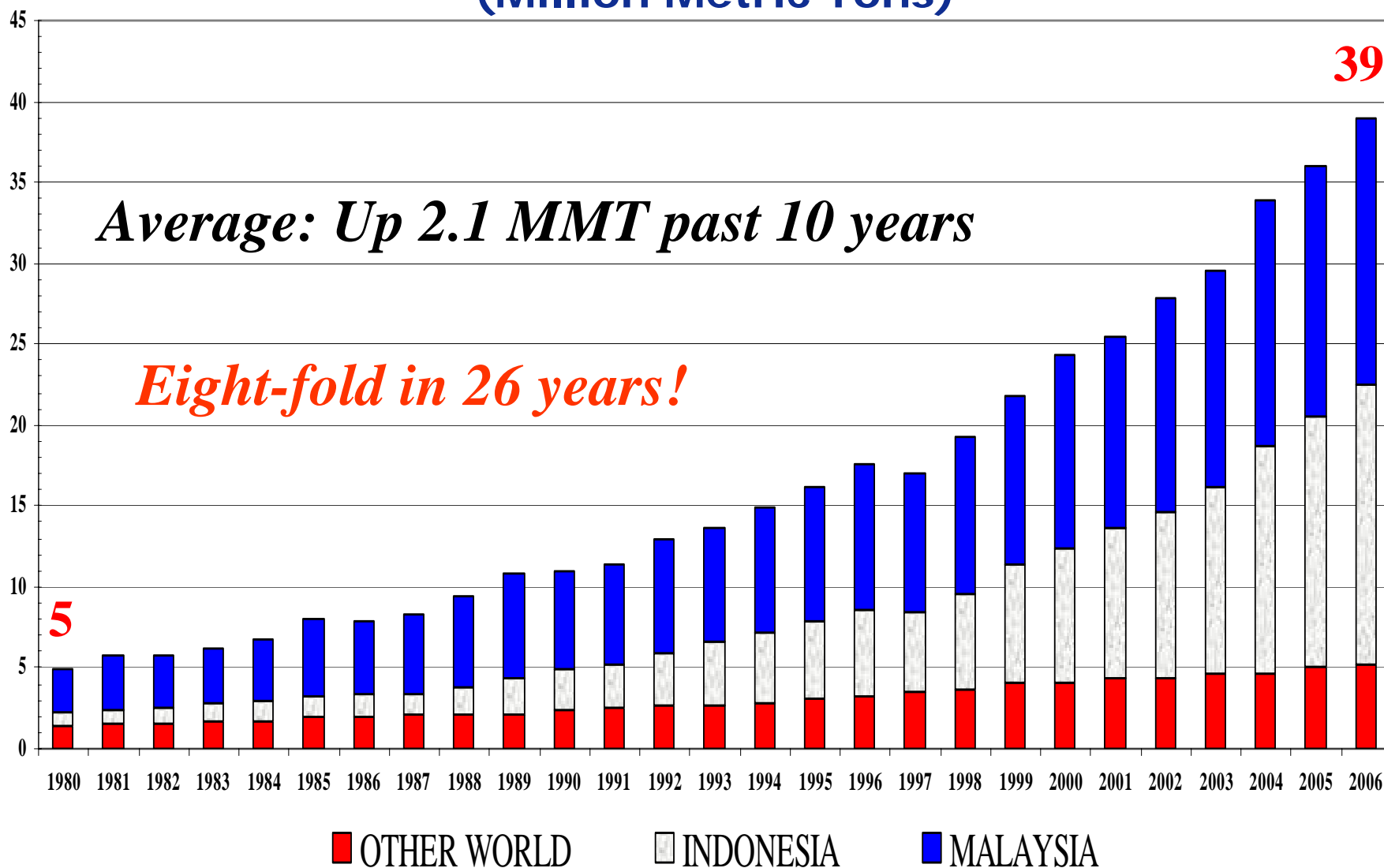


*Tomorrow: A Necessity...*

*Today: A Threat...*



## Malaysian, Indonesian, Other World Palm Oil Production (Million Metric Tons)



Source: USDA FAS – Feb 2007





## World Vegetable Oil Production (Million Metric Tons)

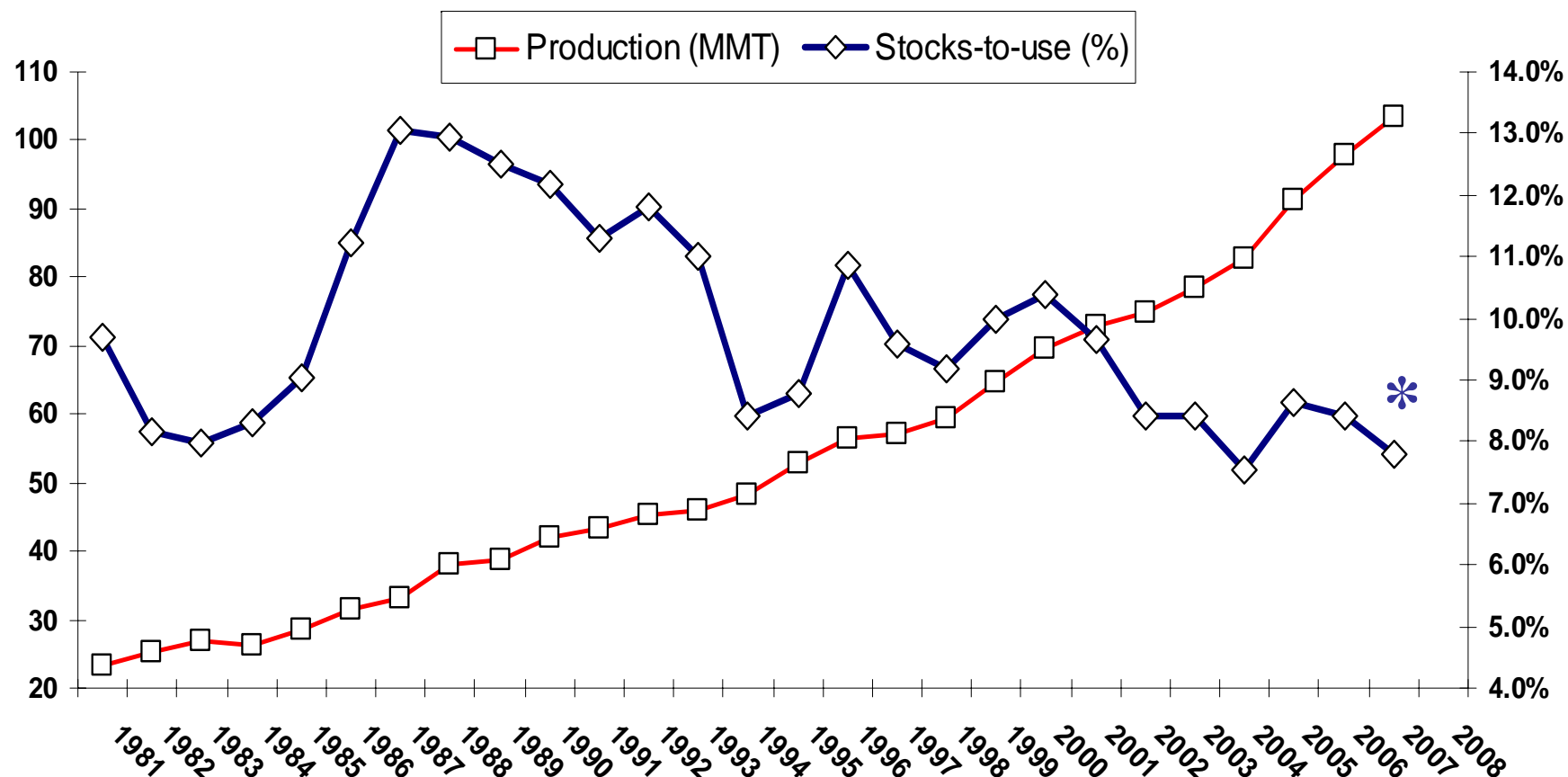
	80/81		06/07		Percent Change
Palm	4.9	<b>23.2</b> <b>69%</b>	39.0	<b>103.5</b> <b>84%</b>	+696%
Soybean	9.8		35.7		+265%
Rape	3.9		18.0		+362%
Sun seed	4.6		10.8		+135%
Groundnut	2.3		4.9		+109%
Cotton	2.9		4.7		+62%
Palm Kernel	0.5		4.7		+840%
Olive	1.9		3.0		+58%
Coconut	2.8		3.3		+18%
Total	33.6		124.0		+269%

***World production more than triples in 26 years! (5.7X)***

***(World Population + 47% same period)***



## World Production vs. Year-end Stocks-to-Use Ratios (Combined Palm oil, Rape oil, Soy oil, Sun oil)



*\*This prior to recent bio-fuels phenomenon...*

Source: USDA FAS – Feb 2007





## Chinese and U.S. GDP Growth – 16 years

### China GDP

• 1992	14.2%
• 1993	13.5%
• 1994	12.8%
• 1995	10.5%
• 1996	9.6%
• 1997	8.8%
• 1998	7.8%
• 1999	7.1%
• 2000	8.0%
• 2001	7.5%
• 2002	8.3%
• 2003	9.3%
• 2004	9.5%
• 2005	9.9%
• 2006	10.6% E.
• 2007	9.6% E.

**446%**

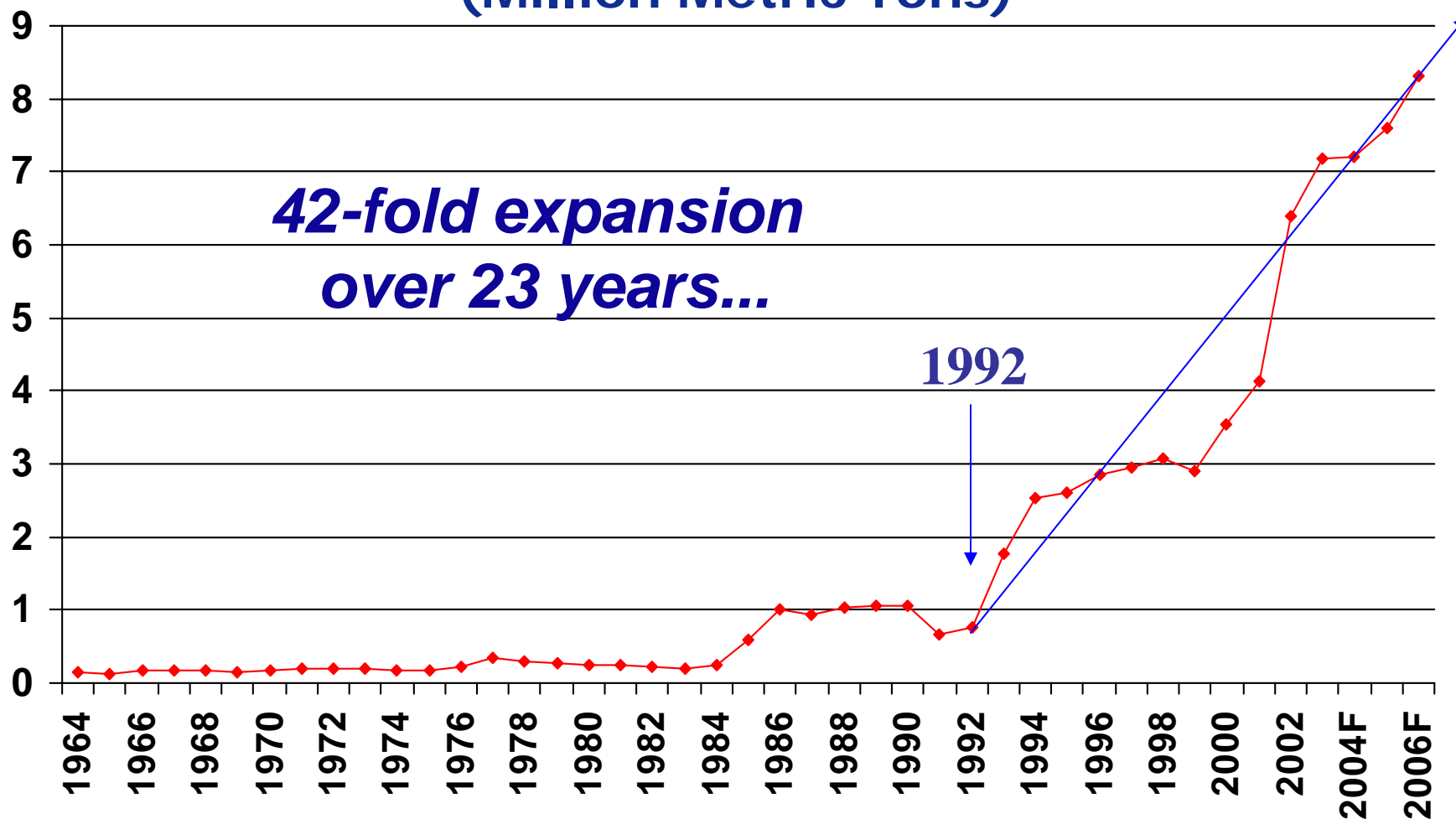
### U.S. GDP

• 1992	3.1%
• 1993	2.4%
• 1994	4.0%
• 1995	2.7%
• 1996	3.6%
• 1997	4.5%
• 1998	4.2%
• 1999	4.4%
• 2000	3.7%
• 2001	0.8%
• 2002	1.6%
• 2003	2.5%
• 2004	3.9%
• 2005	3.2%
• 2006	3.3% E.
• 2007	2.4% E.

**157%**



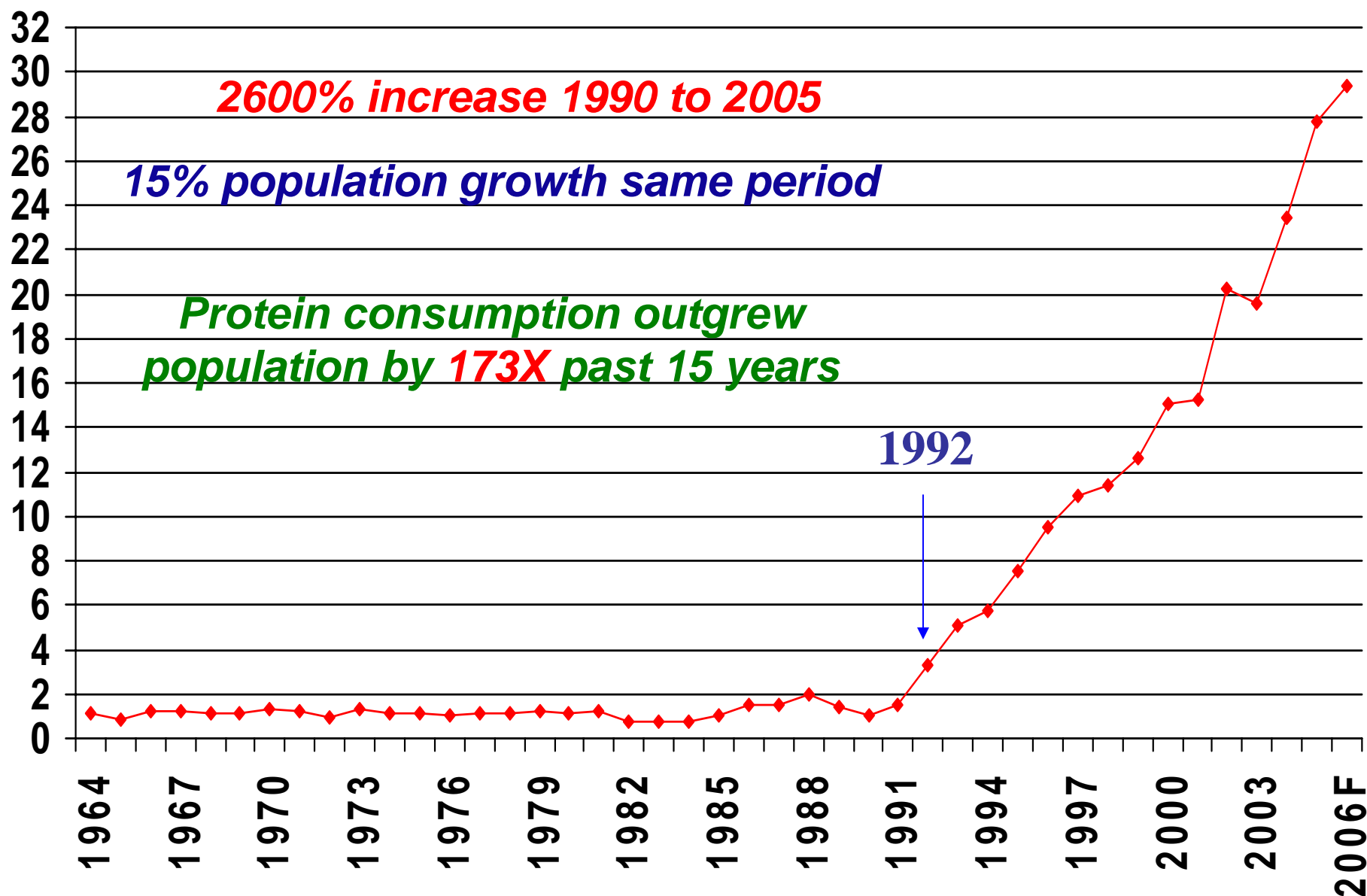
## Chinese Soybean Oil Consumption (Million Metric Tons)



Source: USDA – Feb 2007



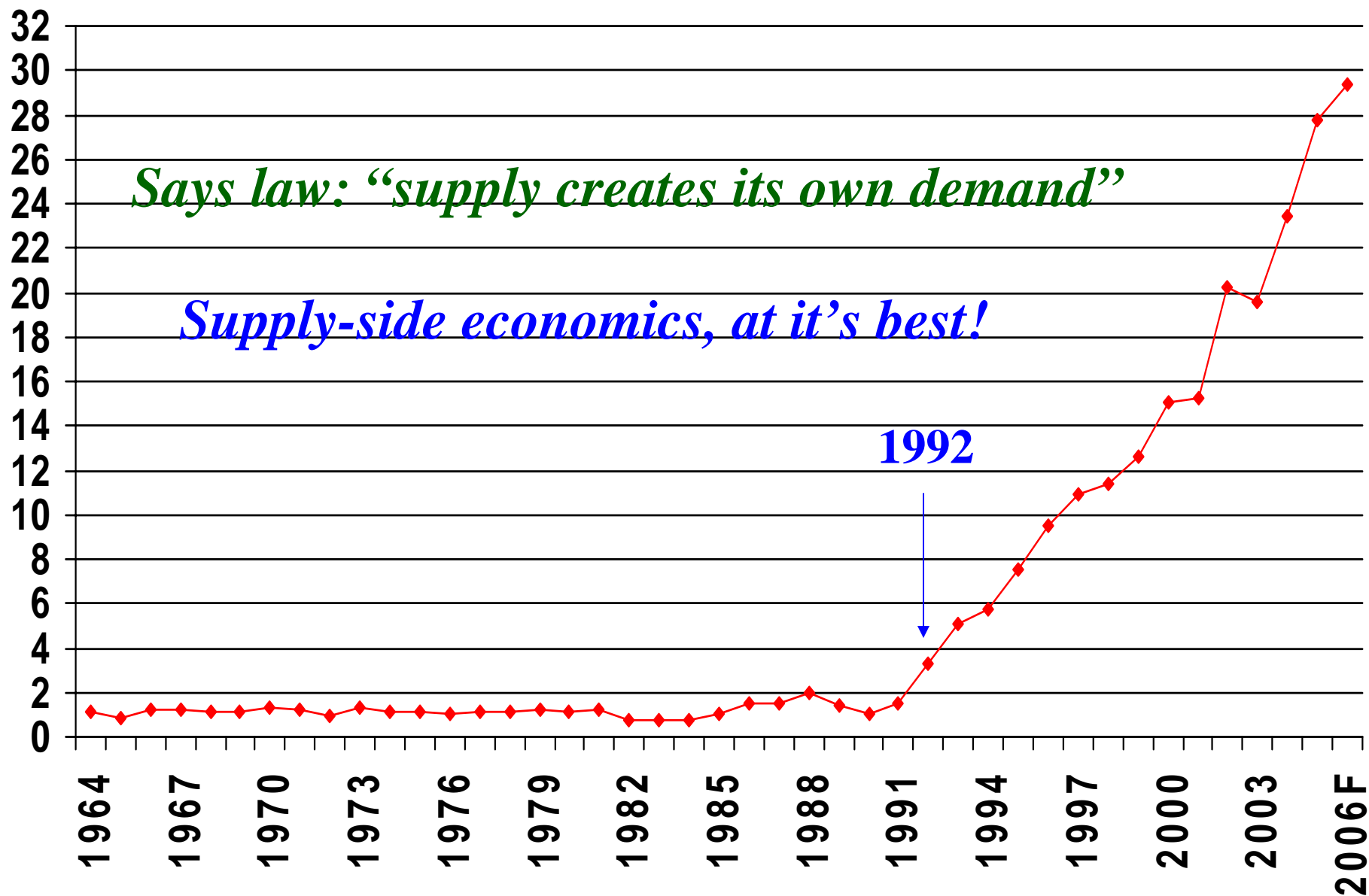
## Chinese Soybean Meal Consumption (Million Metric Tons)



Source: USDA – Feb 2007



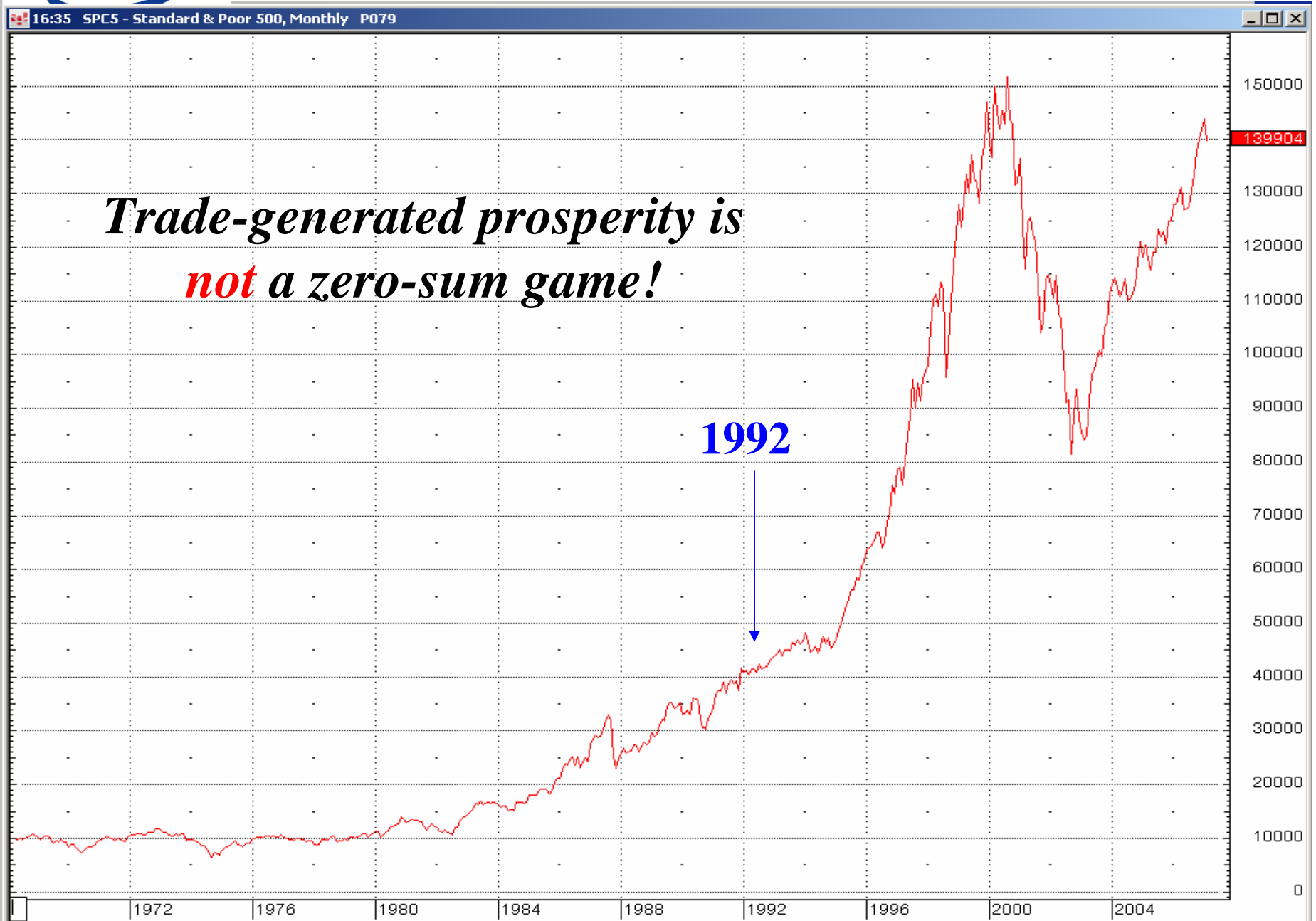
## Chinese Soybean Meal Consumption (Million Metric Tons)



Source: USDA – Feb 2007



# Standard & Poor 500 – Monthly – 38 Years

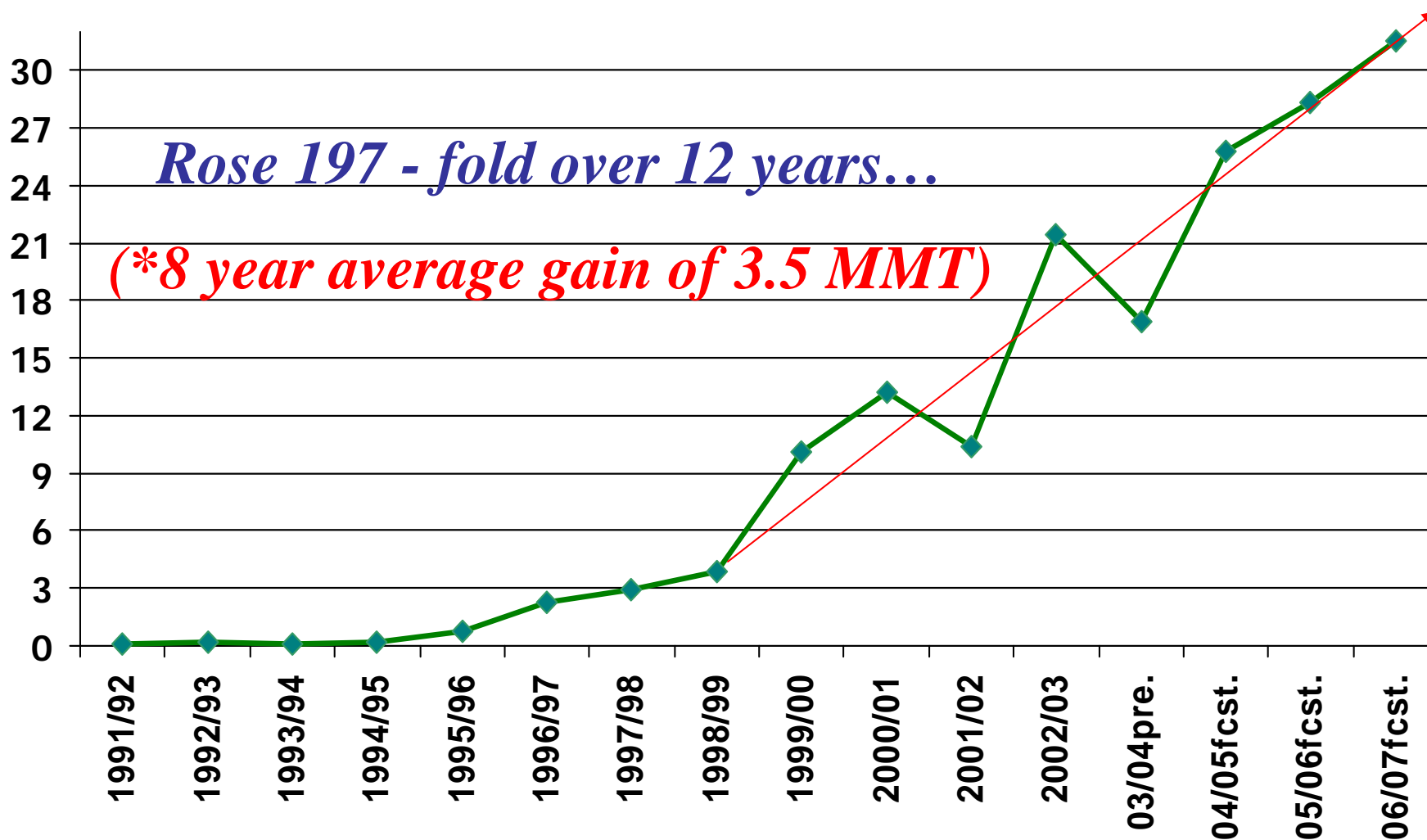






## Chinese Soybean Imports (MMT)

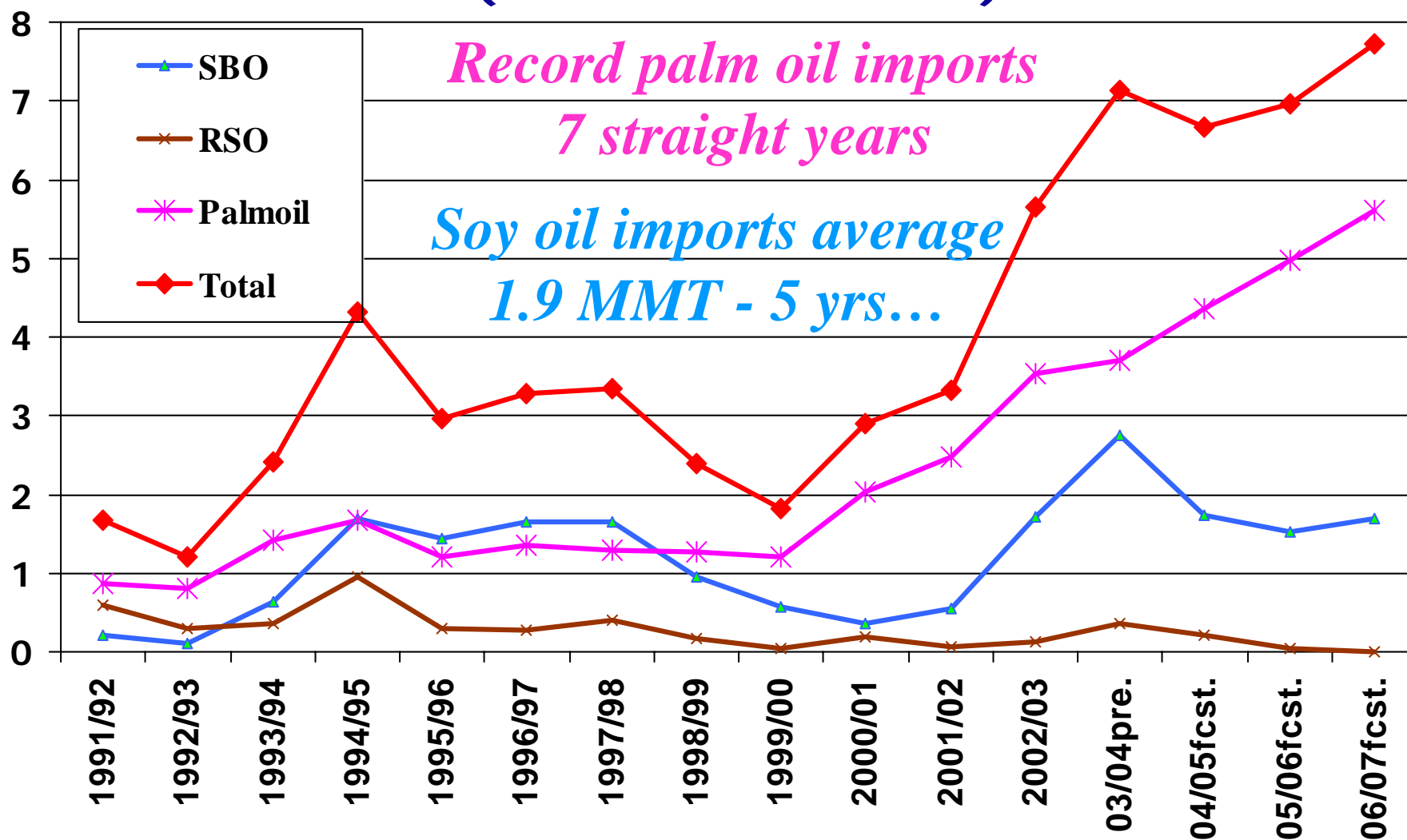
.16/ .8/ 2.3/ 2.9/ 3.9/ 10.1/ 13.2/ 10.4/ 21.4/16.9/25.8/28.3/31.5\*



Source: USDA – Feb 2007



## Chinese Vegetable Oil Imports (Million Metric Tons)

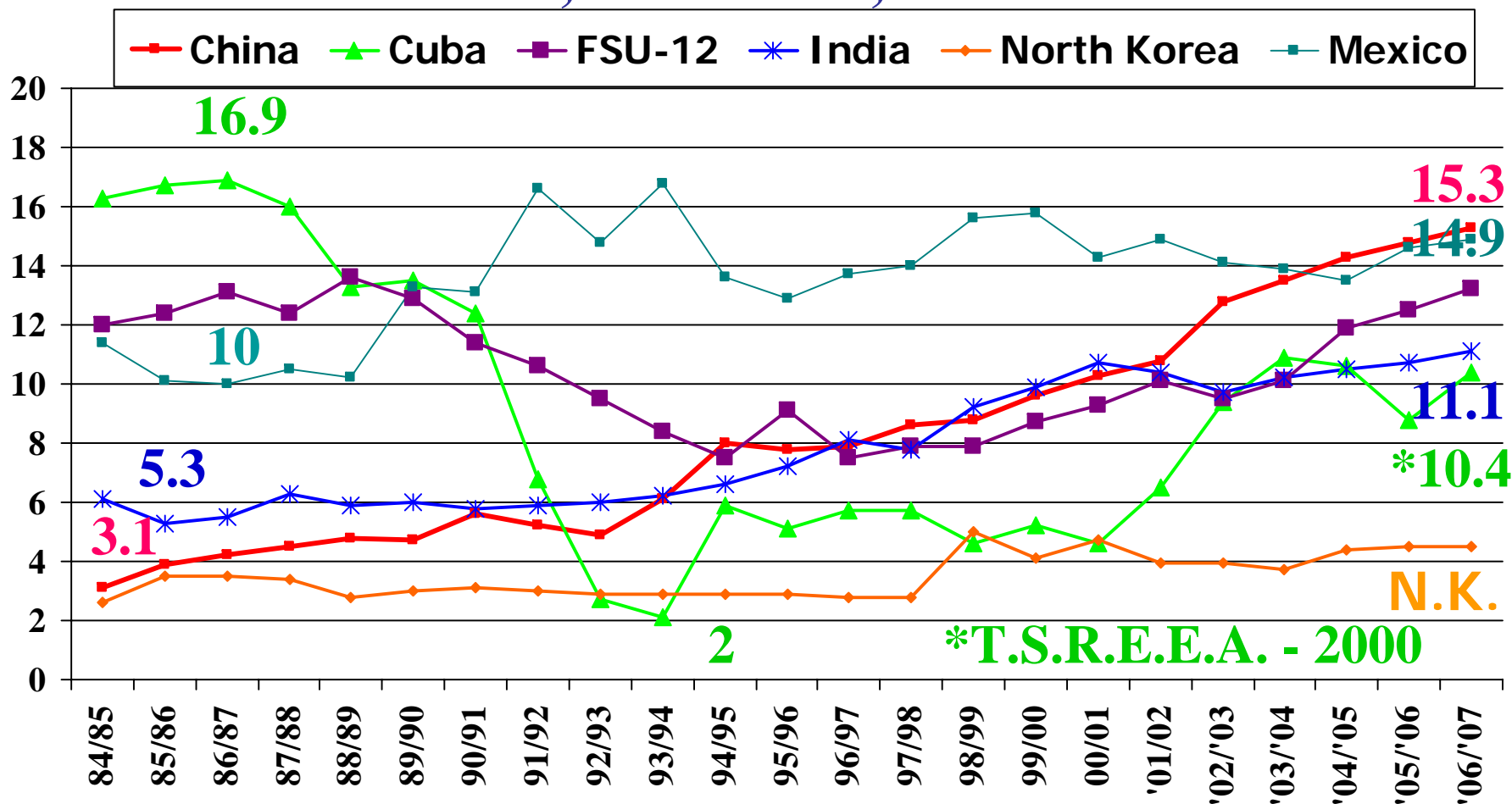


Source: USDA -Feb 2007



## Vegetable Oil Disappearance (KG P/C)

*U.S. 38, Canada 26.3, EU-25 27.8*



Source: FAS – Feb 2007

*\*Trade Sanctions Reform Export Enhancement Act of 2000*

*The Trend Is Clear...*

*An Interdependent World*

*Thirteen Selected Equity Markets  
1995-2007*



# U.S. Standard & Poor's 500 - Monthly



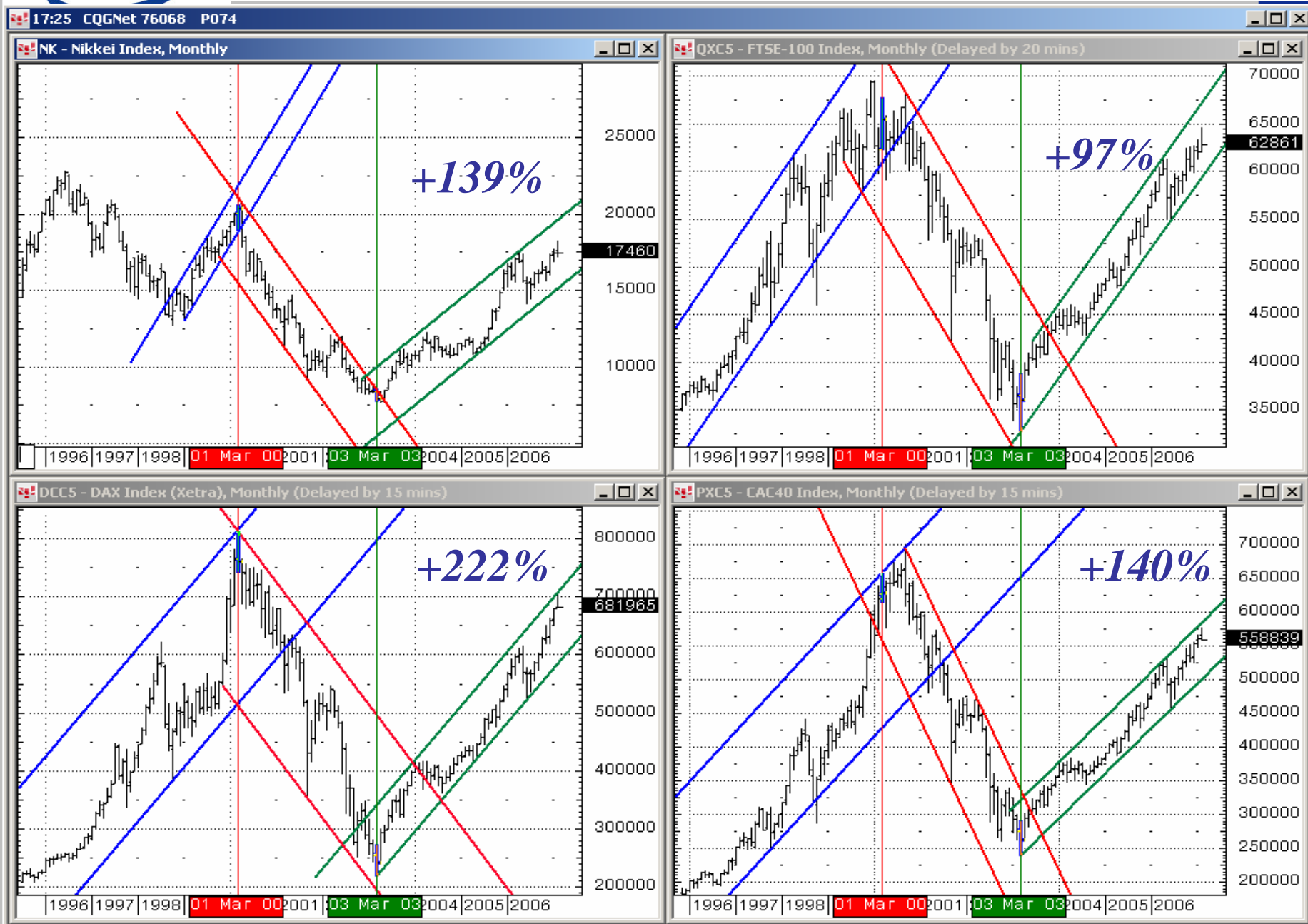


# S. & P., Dow Jones , Canada, Mexico



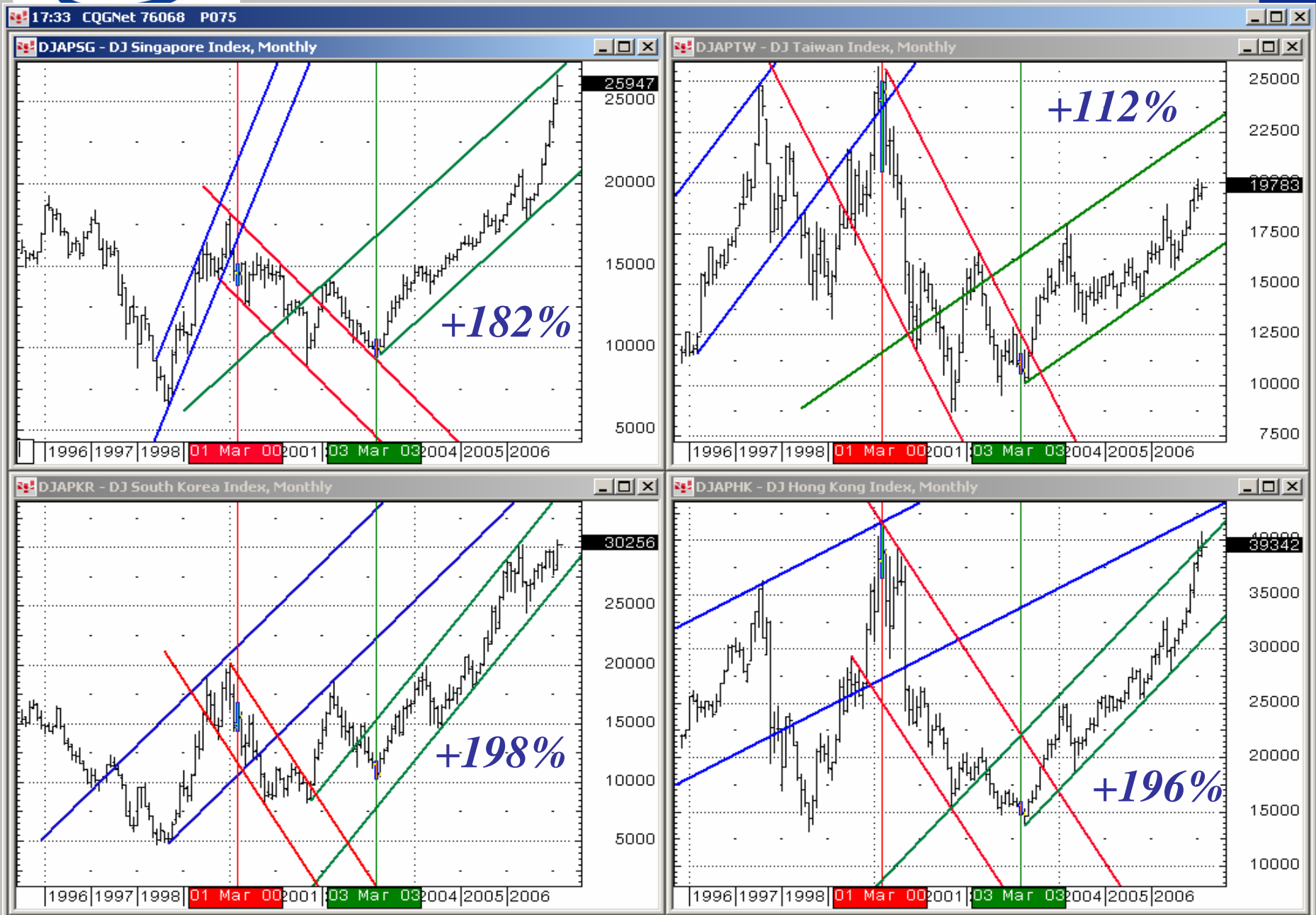


# Nikkei, F.T.S.E., DAX, CAC





# Singapore, Taiwan, Korea, Hong Kong







# Dow Jones Ireland Index - Monthly





## *Global Electoral Democracies*

	Total countries	Free	Partly Free	Pct. F/P.F.	Not Free
• 1975	158	40	53	59%	65
• 1985	167	56	56	67%	55
• 1995	191	76	62	72%	53
• 2005	192	89	58	77%	45
		+123%	+9%	+31%	-31%

*In 2002, the GDP of Free countries stood at \$26.8 trillion,  
while the GDP of Not Free countries was \$1.7 trillion.*

*Not free because prosperous;  
rather, prosperous because free.*

## *The Outlook...*

- *Pervasive spread of freedom, capitalism, and optimism trump terrorism*
- *The forward march of global prosperity continues*
- *Food-demand growth rate accelerating*
- *Free-market principles, progressive policies, and the indomitable human spirit combine to advance human condition*
- *One caveat... protectionism, isolationism, and overt nationalism pose greater threats to broadening prosperity than does terrorism*

# *The Next Great Opportunity?*

## *Global Agricultural Trade Reform*

*Global industrial tariffs average: 4% (20%)*

*Global agricultural tariffs average: 40%*

*Support the Doha Development Round*



# World Night Picture

Energy,  
Activity,  
Warmth,  
Prosperity,  
Hope...

Truth...

Earth at Night  
More information available at:  
<http://antwrp.gsfc.nasa.gov/apod/ap001127.html>

*Count your blessings...*

Astronomy Picture of the Day  
2000 November 27  
<http://antwrp.gsfc.nasa.gov/apod/astropix.html>





# *Open Markets, Economic Growth and Shared Prosperity*

*“The Luckiest Generation”*

*Thank you!*

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